

Message Text

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PAGE 01 MANILA 09963 301129Z

51

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 PA-03 PRS-01 USIA-15

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E.O. 11652: N/A

TAGS: ETRN, RP

SUBJECT: CIVAIR: GOP INTEREST IN "HOMECOMING" TRAVEL
PROMOTION

REF: A) STATE 171291

B) MANILA 9784

C) MANILA 9748

BEGIN SUMMARY:

PRESIDENT MARCOS AND TOURISM
SECRETARY/CAB CHAIRMAN ASPIRAS ARE REPORTED GIVING
HIGH PRIORITY TO "HOMECOMING" TRAVEL PROMOTION
INCLUDING SPECIAL FARE, AND ASPIRAS HAS PUBLICLY
CITED \$425 FARE. US CARRIERS HAVE REITERATED THEIR
POSITION (WHICH ASPIRAS UNDERSTOOD TO HAVE CONVEYED
TO PRESIDENT) FAVORING FARE AROUND \$500, ASSERTING
THAT CAPACITY INCREASES ARE PART OF PACKAGE, AND
INSISTING ON INCREASED FREQUENCIES EXTENDED BEYOND
"HOMECOMING" PERIOD. PANAM MANAGER BELIEVES GOP
LIKELY INSTRUCT AMB ROMUALDEZ TO RESOLVE FARE PROBLEM
WITH USG AND OFFER PHASED FREQUENCY INCREASES FOR US
CARRIERS. END SUMMARY.

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PAGE 02 MANILA 09963 301129Z

1. PANAM AND NORTHWEST MANAGERS WERE CALLED IN URGENTLY AUGUST 28 BY ASPIRAS TO PRESENT US CARRIERS' POSITION ON "HOMECOMING" FARE ISSUE. HE INDICATED HE WOULD BRIEF PRESIDENT MARCOS SAME AFTERNOON AND WOULD THEN DISCUSS MATTER FURTHER WITH CARRIER REPS. US MANAGERS REITERATED POSITION REPORTED REF C, SUPPORTING APPROXIMATELY 3 CENT MILE FARE, ROUGHLY \$500 FOR GROUP OF TEN. THEY ALSO COMMENTED USG LIKELY TO CONSIDER AS DISCRIMINATORY THE PAL PROPOSAL LIMITED TO FILIPINO CITIZENS.

2. US MANAGERS REAFFIRMED DESIRE SUPPORT GOP "HOMECOMING" PROGRAM BUT POINTED OUT IT UNREASONABLE PROMOTE ADDITIONAL TRAFFIC AT REDUCED FARE WHEN PRESENT CAPACITY ALMOST ENTIRELY UTILIZED. ASPIRAS REPORTEDLY ACCEPTED LOGIC OF THIS POSITION. US MANAGERS ALSO REITERATED STRONG VIEW THAT INCREASED FREQUENCIES MUST EXTEND FOR INTERIM PERIOD UNTIL NEW US-RP AIR AGREEMENT CONCLUDED SINCE IT UNECONOMICAL INTRODUCE NEW FREQUENCIES JUST FOR SEPTEMBER-FEBRUARY PERIOD. (PANAM SEEKS TOTAL FOUR B-747'S AND NORTHWEST FOUR DC-10'S, PROBABLY SUBSTITUTING ONE B-747 FOR ONE DC-10 IN INITIAL PERIOD).

3. ACCORDING PANAM MANAGER MACKENZIE, ASPIRAS DISTURBED BY OPPOSITION TO \$425 FARE WHICH HE HAS PUBLICIZED BOTH HERE AND WITH FILIPINO GROUPS IN US. IF US CAB DISAPPROVES FARE, MACKENZIE EXPECTS PRESIDENT INSTRUCT AMBASSADOR ROMUALDEZ APPROACH DEPARTMENT/US CAB WITH PROPOSAL FOR GOVERNMENT-TO-GOVERNMENT UNDERSTANDING ON FARE ISSUE TOGETHER WITH INTERIM ARRANGEMENT TO PERMIT PHASED INCREASE IN US CARRIER FREQUENCIES. MACKENZIE BELIEVES GOP ALSO CONSIDERING BROADER INTERIM PACKAGE, BUT WILL GIVE PRIORITY TO "HOMECOMING" ARRANGEMENTS TO WHICH PRESIDENT MARCOS CLEARLY ATTACHES CONSIDERABLE IMPORTANCE. (HE HAS ORDERED TAX HOLIDAY AND OTHER MEASURES TO ENCOURAGE LARGE-SCALE VISITS BY FILIPINOS FROM US TO SEE CONDITIONS IN PHILIPPINES FIRSTHAND TO ATTEMPT COUNTERACT ADVERSE CRITICISM ABROAD.)

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PAGE 03 MANILA 09963 301129Z

4. RE US CAB POSITION SEPARATING FARES AND CAPACITY CONSIDERATIONS, US CARRIER REPS POINT OUT THAT THEIR SUPPORT OF PHILIPPINE TRAVEL PROMOTION PROGRAM IS LINKED TO INCREASED CAPACITY AND FARES ARE PART OF PROMOTION. MACKENZIE NOTES "HOMECOMING" PROGRAM OFFERS OPPORTUNITY TO MITIGATE ANY ADVERSE AFFECT ON PAL OF INCREASED US CAPACITIES. PAL, AS WELL AS US CARRIERS,

WILL BENEFIT IMMEDIATELY FROM "HOMECOMING" TRAVEL AND
BY END OF FEBRUARY REGULAR TOURISM PROMOTION WILL
RESULT IN HIGHER LEVEL OF GENERAL TOURIST TRAVEL.
CARRIERS AND TOURIST INDUSTRY SOURCES REPORT TRAVEL TO
PHILIPPINES ALREADY UP SIGNIFICANTLY AS RESULT
PROMOTIONAL EFFORTS AND IMPROVED CONDITIONS FOR
TOURISTS. VISITORS FOR FIRST 8 MONTHS OF 1973
ESTIMATED BY TOURISM DEPARTMENT AT 170,000 COMPARED
TO 166,431 FOR ALL OF 1972. CONTINUATION OF TREND
PLUS "HOMECOMING" COULD RESULT IN 50 PERCENT OR MORE
INCREASE IN VISITOR ARRIVALS IN 1973.
PURNELL

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